

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

FINAL AGENCY ORDER O-09-034

**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF
GUARANTEE TRUST LIFE INSURANCE COMPANY**

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of Guarantee Trust Life Insurance Company (the "Respondent"), pursuant to §§ 10-1-201 to 207, and 10-16-416, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated September 16, 2008 (the "Report"), relevant examiners' work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

FINDINGS OF FACT

1. At all relevant times, the Respondent was licensed by the Division as a health maintenance organization.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on September 16, 2008, the Division completed a market conduct desk examination of the Respondent. The period of examination was January 1, 2006 to December 31, 2007.
3. In scheduling the market conduct desk examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the Market Regulation Handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the Market Regulation Handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners' handbook. The Commissioner also employed other guidelines and procedures that she deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, all of Respondent's submissions and rebuttals, and all relevant portions of the examiners' work papers.


CONCLUSIONS OF LAW AND ORDER

8. Unless expressly modified in this Final Agency Order ("Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue A1 concerns the following violation: Failure, in some instances, to maintain an adequate and complete network of providers. The Respondent shall provide evidence to the Division that it has implemented necessary changes in order to ensure that it maintains an adequate network of providers in each area of Colorado where its managed care products are marketed, as required by Colorado insurance law.
10. Issue E1 concerns the following violation: Failure to allow benefits for covered services based on a licensed provider's status (e.g., employed or retained by the policyholder, or a member of the insured's family). The Respondent shall provide evidence to the Division that it has amended all applicable forms to provide coverage for licensed providers who are providing covered services within the scope of their license, as required by Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
11. Issue E2 concerns the following violation: Failure, in some instances, to include coverage for treatment needed as a result of an insured's participation in the activity of skiing. The Respondent shall provide evidence to the Division that it has amended all applicable forms to allow coverage for skiing and other casual or nonprofessional sporting activities as required by Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.

12. Issue G1 concerns the following violation: Failure, in some instances, to issue health insurance policies with exclusionary riders that comply with Colorado insurance law. The Respondent shall provide evidence to the Division that it has amended its procedures to ensure that exclusionary riders are limited to conditions which have been documented in the original underwriting application, original underwriting medical examination, or medical history of the insured, or which can be shown with clear and convincing evidence to have been caused by the medically documented excluded condition, as required by Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
13. Issue G2 concerns the following violation: Failure, in some instances, to file rates for individual medical plans. The Respondent shall provide evidence to the Division that it has amended its procedures to ensure that rates are filed for all health insurance products marketed in Colorado, as required by Colorado insurance law.
14. Issue G3 concerns the following violation: Failure, in some instances, to charge filed rates for individual medical plans. The Respondent shall provide evidence to the Division that it has amended its procedures to ensure that rates charged for all health insurance products marketed in Colorado match the rates filed with the Division for those products, as required by Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
15. Pursuant to § 10-1-205(3)(d), C.R.S, the Respondent shall pay a civil penalty to the Division in the amount of forty-seven thousand and no/100 dollars (\$47,000.00) for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division Bulletin No. B-1.3, originally issued on January 1, 1998, re-issued May 8, 2007. Said penalty shall be assessed a 15% surcharge, or \$7,050.00, pursuant to 24-34-108, C.R.S. for a total balance due of \$54,050.00 which will be due to the Division within 30 days of the signing of this Final Agency Order. This surcharge will be used to fund the development, implementation and maintenance of a consumer outreach and education program.
16. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related Order.

17. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section. All self audits, if any, shall be performed in accordance with Division's document, 'Guidelines for Self Audits Performed by Companies'. Unless otherwise specified in this Order, all self audit reports must be received within ninety (90) days of the Order, including a summary of the findings and all monetary payments to covered persons.
18. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.
19. Copies of the examination report, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

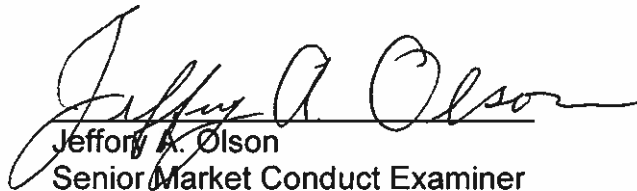
WHEREFORE: It is hereby ordered that the findings and conclusions contained in the Report dated September 16, 2008, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 4th day of December, 2008.


Marcy Morrison
Commissioner of Insurance

CERTIFICATE OF MAILING

I hereby certify that on the 4th day of December, 2008, I caused to be deposited the **FINAL AGENCY ORDER NO. O-09-34 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF GUARANTEE TRUST LIFE INSURANCE COMPANY** in the United States Mail via certified mailing with postage affixed and addressed to:

Mr. Richard Holson, President
Guarantee Trust Life Insurance Company
1275 Milwaukee Avenue
Glenview, IL 60025

A handwritten signature in black ink, reading "Jeffrey A. Olson". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Olson" clearly legible. The signature is positioned above the printed name and title.

Jeffrey A. Olson
Senior Market Conduct Examiner
Market Regulation
Division of Insurance